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Lamb Marketing - Today and Tomorrow

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Summary

For lamb to be competitive with other meat choices on the grocery shelf, we need to improve carcass leanness and quality. The success of the "Certified Lean Lamb" program indicates that today's consumer prefers a leaner product. Having mandatory USDA yield grading coupled with quality grading to categorize lambs, basically on degree of leanness, would enhance the industry's ability to provide the retailer with the type of product they desire. However, the producer must be given an economic incentive to provide the "ideal" lamb.

Introduction

The major products from most commercial sheep flocks in the U.S. are lamb and wool. Basically, sheep operations can be classified into two categories, range and farm flocks. The range flocks are located in the semiarid regions of the country where feed resources are limited. Under this production system, producers emphasize traits which have the greatest economic advantage. Wool quality, lamb survivability and ewe adaptability are emphasized, with ewe prolificacy, aseasonality and carcass merit having lower priority. In contrast, the farm flock operations are found in areas with unlimited feed resources. Compared to the range operation, the cost per animal unit in the farm flock is higher. Thus, emphasis is placed on traits which improve efficiency per animal unit, ewe prolificacy and lamb growth performance. Producers select breeds of sheep for their operations which excel in the traits which best match their management system and resources. Over a dozen different breeds of sheep are commonly selected for use in U.S. flocks. However, the result is tremendous variation in the growth potential, carcass traits and frame size of lambs. Lambs are fed to market weight in custom feedlots or by the producer and are usually marketed when they reach 100 to 130 pounds.

Lamb Dressing Percentage

Traditionally, packers have rewarded producers for offering lambs with a high dressing percentage (hot carcass weight/live animal weight). The normal dressing percentage for a lamb is near 50%; but, with a high degree of finish, it may be 52% or higher. This system has given the packer more pounds of carcass to sell, but much of the increase is fat rather than lean. Unfortunately, the practice of valuing lambs on a dressing percentage basis has resulted in the production of undesirable over-fat lamb carcasses. A recent study, "A Market Basket Survey of Lamb at Retail," found that the majority of lambs processed in the U.S. contain excess amounts of external and seam fat. Often the retail products fabricated from the over-fat carcasses do not meet the consumers desire to purchase and consume less fat. An alternative method to evaluate and value lamb carcasses is with USDA yield grades.

USDA Yield Grades

In 1964 the USDA established a yield grading system for lamb. The purpose was to categorize lamb carcasses according to carcass merit. The factors used to calculate yield grades include fat depth at the 12-13th rib, leg score and kidney and pelvic fat (internal fat). Research information indicates that accounting for these three factors gives a reliable estimate of lamb carcass cutability (yield of closely trimmed retail cuts). As fat depth at the 12-13th rib and/or kidney and pelvic

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fat increase, cutability decreases. As leg score increases, cutability improves. Although all three factors are important, changes in fat depth certainly have the greatest impact on cutability. Yield grade scores range from 1-5, the lower the number the higher the expected cutability. Thus, a yield grade 2 carcass compared to a yield grade 4 should have proportionally more red meat and less fat. Even though the yield grading system has been available for nearly 30 years, it has not been widely used in the industry to account for the value of lamb carcasses.

Certified American Lamb

Members of the American Sheep Industry Association (ASI) recognize that as an industry we must produce and identify high cutability (leaner) lamb carcasses to be competitive with other meats. The first step toward reaching this objective is the recently implemented USDA "Certified American Lamb" (CAL) program. To qualify, carcasses must meet the following criteria: .1 to .25 in. fat cover at the 12-13th rib, contain less than 4.0% kidney and pelvic fat (internal fat), an average leg score (11) or higher and have no evidence of "buckiness." Also, carcasses must quality grade Choice or Prime. Industry experts estimate that less than 20% of lambs currently marketed meet all of these criteria. Today only 15% of lamb carcasses are merchandised as "Certified American Lamb."

According to ASI staff, the demand for CAL from retailers and consumers has been excellent. They attribute this popularity to product uniformity and leanness. But, why is the percent which qualify as CAL so low? With the current marketing structure there is little economic incentive for the producer to provide the packer with high cutability lambs. However, industry leaders are proposing changes in the lamb marketing structure which could benefit the entire sheep industry.

Mandatory USDA Yield Grading

As mentioned earlier, USDA yield grading standards for lamb have been available for a number of years. Yet they have not been widely used in the industry. Recently, representatives from ASI petitioned the USDA to consider mandatory yield grading for lamb carcasses along with modifications of the current yield grading system. Basically the proposal is as follows:

Yield Grade	Back Fat (12-13th rib), in.
1	.0 -.15
2	.16-.25
3	.26-.35
4	.36-.45
5	.46 and up

* Kidney/pelvic fat must be removed prior to grading with no more than one percent residual (by body weight).

* Back fat thickness adjustment may be determined by USDA grader.

* Yield Grade 1 or 2 carcasses which quality grade Choice or Prime will be eligible for Certified designation.

* No carcass may be quality graded unless it is also yield graded.

Simply put, this proposal sets standards to describe lamb carcasses!

Retailers and Consumers

An advantage of this system is it could reduce the variation among lamb carcasses purchased by retailers and the lamb products offered to consumers. Product uniformity may increase the retailers willingness to offer more lamb on their shelves. Also, consistency from day to day does influence the consumer's decision to purchase lamb on a regular basis. The real issue here is improving the demand for our product.

Producers

As the sheep industry moves toward a leaner type of lamb, how will it impact the producer? Nobody knows for certain, but I am confident that when economic incentives are offered on the leaner lamb the producer will respond. Some producers may change their operations very little while others may need to revaluate their entire management program. Management modifications may include the feeding strategy, flock sire and dam breeds and marketing lambs with less fat cover rather than at a specific weight.